

By Fardhan

7-20-81
S.J.R. No. 8

A JOINT RESOLUTION

1 proposing a constitutional amendment authorizing cities, towns, and
2 other taxing units to encourage the improvement or redevelopment of
3 certain areas through property tax relief and through the issuance
4 of bonds and notes.

5 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. That Article VIII of the Texas Constitution be
7 amended by adding Section 1-g to read as follows:

8 Sec. 1-g. (a) The legislature by general law may authorize
9 cities, towns, and other taxing units to grant exemptions or other
10 relief from ad valorem taxes on property located in a reinvestment
11 zone for the purpose of encouraging redevelopment and improvement
12 of the property.

13 (b) The legislature by general law may authorize an
14 incorporated city or town to issue bonds or notes to finance the
15 redevelopment of an unproductive or blighted area within the city
16 or town and to pledge for repayment of those bonds or notes
17 increases in ad valorem tax revenues imposed on property in the
18 area by the city or town and other political subdivisions to the
19 extent the increases result from the redevelopment.

20 (c) Revenues from services of a city or town, utility
21 revenue, or tax revenues other than increases in ad valorem tax
22 revenues resulting from the redevelopment may not be used to pay
23 the principal or interest on bonds or notes issued pursuant to
24 Subsection (b) of this section. A bond or note issued under the

1 authority of Subsection (b) of this section is not a charge against
2 the general credit or taxing powers of a city or town or of the
3 state.

4 SECTION 2. This proposed constitutional amendment shall be
5 submitted to the voters at an election to be held on November 3,
6 1981. The ballot shall be printed to provide for voting for or
7 against the proposition: "The constitutional amendment to
8 authorize cities, towns, and other taxing units to encourage the
9 improvement or redevelopment of certain areas through property tax
10 relief and the issuance of bonds and notes."

By: Farabee

S.J.R. No. 8

1 SENATE JOINT RESOLUTION

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10 authorize cities, towns, and other taxing units to grant exemptions
11 or other relief from ad valorem taxes on property located in a
12 reinvestment zone for the purpose of encouraging development or
13 redevelopment and improvement of the property.

14 "(b) The legislature by general law may authorize an
15 incorporated city or town to issue bonds or notes to finance the
16 development or redevelopment of an unproductive, underdeveloped, or
17 blighted area within the city or town and to pledge for repayment
18 of those bonds or notes increases in ad valorem tax revenues
19 imposed on property in the area by the city or town and other
20 political subdivisions."

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22 submitted to the voters at an election to be held on November 3,
23 1981. The ballot shall be printed to provide for voting for or
24 against the proposition: "The constitutional amendment to
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26 improvement, development, or redevelopment of certain areas through

S.J.R. No. 8

1 property tax relief and the issuance of bonds and notes."

By Furman

S J.R. No. 8

Substitute the following for ___ J.R. No. ___:

By Furman

C.S. S J.R. No. 8

SENATE

~~A~~ JOINT RESOLUTION
B

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11 zone for the purpose of encouraging development or redevelopment
12 and improvement of the property.

13 "(b) The legislature by general law may authorize an
14 incorporated city or town to issue bonds or notes to finance the
15 development or redevelopment of an unproductive, underdeveloped,
16 or blighted area within the city or town and to pledge for
17 repayment of those bonds or notes increases in ad valorem tax
18 revenues imposed on property in the area by the city or town and
19 other political subdivisions. "

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22 submitted to the voters at an election to be held on November 3,
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27 property tax relief and the issuance of bonds and notes."

Type & Proof
7-30-81
8-3-81
8-10-81

SJR 8
By Farabee

Senate Finance Committee

BILL ANALYSIS

Background:

At the present time there is no clear statement of public policy relative to redevelopment or improvement of certain areas.

Purpose:

The amendment would state a public policy and provide a mechanism whereby the legislature could encourage the improvement or redevelopment of certain areas through property tax relief and through the issuance of bonds and notes.

Section by Section Analysis:

Section 1: Amends Article 8 of the Constitution by adding a section to provide:

- (a) That the legislature may authorize relief from ad valorem taxes for the purpose of encouraging revitalization of the property.
- (b) Issuance of bonds backed by increased revenue generated from ad valorem taxes imposed on the designated property.
- (c) Prohibitions on the use of revenue other than those resulting from redevelopment for paying off the bonds authorized. Bonds so authorized are also not to be a charge against the general credit of the city town or of the state.

Section 2: Provides a date for submission to the voters on November 3, 1981 and provides for the language to be placed on the ballot.

This constitutional amendment authorizes:

(1) the Legislature to provide that taxing units may encourage development or redevelopment of a designated area through abatement of ad valorem taxes.

(2) the Legislature to provide that taxing units may encourage development or redevelopment by issuing tax increment bonds or notes.

Ballot: November 3, 1981

Part (1) is new and is offered as a preparatory step to making Texas businesses and low income citizens eligible for Federal Tax breaks under the Kemp-Garcia bill.

Part (2) repeats an amendment which failed in 1977. Legislation introduced in 1979 and passed is on the books as Article 1066d, but was not linked to a constitutional amendment.

An Attorney General's Opinion has declared Article 1066d unconstitutional.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

July 22, 1981

Honorable Grant Jones, Chairman
Committee on Finance
Senate Chamber
Austin, Texas

67th Legislature
First Called Session

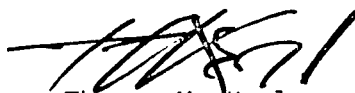
In Re: Senate Joint Resolution No. 8
By: Farabee

Sir:

In response to your request pursuant to Senate Rule 94, Subsection (g), this office finds the fiscal implications of Senate Joint Resolution No. 8 (proposing a constitutional amendment authorizing cities, towns and other taxing units to encourage the improvement or redevelopment of certain areas through property tax relief and through the issuance of bonds and notes) to be as follows:

The proposed constitutional amendment, if finally adopted, would permit the Legislature to (a) authorize cities, towns, and other taxing units to grant ad valorem tax relief on property located in a reinvestment zone; and (b) authorize these local taxing units to issue debt obligations to finance the redevelopment of an unproductive or blighted area and pledge payment of debt service from increases in ad valorem tax revenues imposed on property within the area to the extent the increases result from the redevelopment. Such debt obligations would not be in charge against the general credit or taxing powers of the city, town or other taxing unit.

No fiscal implication or additional cost to the State attributable to the proposed amendment is anticipated. The degree to which there would be a loss or gain of revenue to taxing units which grant the relief authorized would depend upon the wisdom of local officials and local economic conditions. The dollar amount of such losses or gains cannot be determined for purposes of this fiscal note for lack of basic information as the local conditions under which the exemptions and redevelopment would take place.


Thomas M. Keel
Director

Source: LBB Staff: TK, HES, NH

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

July 29, 1981

Honorable Grant Jones, Chairman
Committee on Finance
Senate Chamber
Austin, Texas

67th Legislature
First Called Session

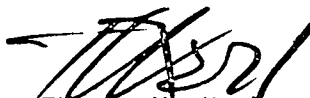
In Re: Committee Substitute for
Senate Joint Resolution No. 8
By: Farabee

Sir:

In response to your request pursuant to Senate Rule 94, Subsection (g), this office finds the fiscal implications of Committee Substitute for Senate Joint Resolution No. 8 (proposing a constitutional amendment authorizing cities, towns and other taxing units to encourage the improvement, development, or redevelopment of certain areas through property tax relief and through the issuance of bonds and notes) to be as follows:

The proposed constitutional amendment, if finally adopted, would permit the Legislature to (a) authorize cities, towns, and other taxing units to grant ad valorem tax relief on property located in a reinvestment zone; and (b) authorize these local taxing units to issue debt obligations to finance the redevelopment of an unproductive or blighted area and pledge payment of debt service from increases in ad valorem tax revenues imposed on property within the area to the extent the increases result from the redevelopment.

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Thomas M. Keel
Director

Source: LBB Staff: TK, HES, LV

Aug. 3 1981 Engrossed
Patsy Spaw
Engrossing Clerk

I certify that the attached is a true and correct
copy of SJR 8, which was
received from the Senate on AUG 3 1981 and
referred to the Committee on Constitutional
Amendments
Betty Murray
Chief Clerk of the House

By: Farabee
(Wolens)

S.J.R. No. 8

SENATE JOINT RESOLUTION

proposing a constitutional amendment authorizing cities, towns, and
other taxing units to encourage the improvement, development, or
redevelopment of certain areas through property tax relief and
through the issuance of bonds and notes.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. That Article VIII of the Texas Constitution be
amended by adding Section 1-g to read as follows:

"Section 1-g. (a) The legislature by general law may
authorize cities, towns, and other taxing units to grant exemptions
or other relief from ad valorem taxes on property located in a
reinvestment zone for the purpose of encouraging development or
redevelopment and improvement of the property.

"(b) The legislature by general law may authorize an
incorporated city or town to issue bonds or notes to finance the
development or redevelopment of an unproductive, underdeveloped, or
blighted area within the city or town and to pledge for repayment
of those bonds or notes increases in ad valorem tax revenues
imposed on property in the area by the city or town and other
political subdivisions."

SECTION 2. This proposed constitutional amendment shall be
submitted to the voters at an election to be held on November 3,
1981. The ballot shall be printed to provide for voting for or
against the proposition: "The constitutional amendment to
authorize cities, towns, and other taxing units to encourage the
improvement, development, or redevelopment of certain areas through

S.J.R. No. 8

1 property tax relief and the issuance of bonds and notes."

HOUSE COMMITTEE REPORT

1ST PRINTING

By: Farabee
(Wolens)

S.J.R. No. 8

SENATE JOINT RESOLUTION

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"(b) The legislature by general law may authorize an incorporated city or town to issue bonds or notes to finance the development or redevelopment of an unproductive, underdeveloped, or blighted area within the city or town and to pledge for repayment of those bonds or notes increases in ad valorem tax revenues imposed on property in the area by the city or town and other political subdivisions."

SECTION 2. This proposed constitutional amendment shall be submitted to the voters at an election to be held on November 3, 1981. The ballot shall be printed to provide for voting for or against the proposition: "The constitutional amendment to authorize cities, towns, and other taxing units to encourage the improvement, development, or redevelopment of certain areas through

S.J.R. No. 8

1 property tax relief and the issuance of bonds and notes."

COMMITTEE REPORT

The Honorable Bill Clayton
Speaker of the House of Representatives

8-5-81

(date)

Sir:

We, your COMMITTEE ON CONSTITUTIONAL AMENDMENTS, to whom was referred SJR 8, have had the same under consideration and beg to report back with the recommendation that it (measure)

- (X) do pass, without amendment.
() do pass, with amendment(s).
() do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. (X) yes () no

An author's fiscal statement was requested. () yes (X) no

An actuarial analysis was requested. () yes (X) no

The Committee recommends that this measure be placed on the ~~(House)~~ or ~~(Senate)~~ Calendar.

This measure () proposes new law.
() amends existing law.
(X) *proposes a constitutional amendment.*

House Sponsor of Senate Measure Wolens

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
McFarland, Ch.	✓			
Whaley, V.C.	✓			
Atkinson				✓
Barrientos	✓			
Delco			✓	
Elizondo				✓
Schoolcraft	✓			
Sharp	✓			
Ware				✓

Total
5 aye
0 nay
1 present, not voting
3 absent

Bob McFarland
CHAIRMAN
Keenolds
COMMITTEE COORDINATOR

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

August 4, 1981

Honorable Bob McFarland, Chairman
Committee on Constitutional Amendments
House of Representatives
Austin, Texas

67th Legislature
First Called Session


In Re: Senate Joint Resolution No. 8,
as engrossed
By: Farabee

Sir:

In response to your request pursuant to House Rules, Section 3.119, this office finds the fiscal implications of Senate Joint Resolution No. 8, as engrossed (proposing a constitutional amendment authorizing cities, towns and other taxing units to encourage the improvement, development, or redevelopment of certain areas through property tax relief and through the issuance of bonds and notes) to be as follows:

The proposed constitutional amendment, if finally adopted, would permit the Legislature to (a) authorize cities, towns, and other taxing units to grant ad valorem tax relief on property located in a reinvestment zone; and (b) authorize these local taxing units to issue debt obligations to finance the redevelopment of an unproductive or blighted area and pledge payment of debt service from increases in ad valorem tax revenues imposed on property within the area to the extent the increases result from the redevelopment.

No fiscal implication or additional cost to the State attributable to the proposed amendment is anticipated. The degree to which there would be a loss or gain of revenue to taxing units which grant the relief authorized would depend upon the wisdom of local officials and local economic conditions. The dollar amount of such losses or gains cannot be determined for purposes of this fiscal note for lack of basic information as the local conditions under which the exemptions and redevelopment would take place.


Thomas M. Keel
Director

Source: LBB Staff: TK, HES, NH

ANALYSIS

Background Information

Article 1066 was passed by the legislature in 1979, providing cities and towns with a mechanism for undertaking publicly-financed rehabilitation of "blighted" areas. The improvements made would be financed by municipal bonds repayable from "tax increments" (i.e. increases in tax revenues due to enhancement of taxable property). That statute was held by the Attorney General, in Opinion No. MW-337 on May 15, 1981, to be unconstitutional by violating the "equal and uniform" requirement of Article VIII, Section 1, of the Texas Constitution.

The implementing legislation for subsection (b) of SJR 8, SB 16, would replace the current Art. 1066d. It would allow cities or towns to designate areas which are deteriorating or unproductive as "reinvestment zones" and finance redevelopment projects in these zones through tax increment financing. With this authority, cities or towns may issue bonds for public works projects or improvements in the zone. Taxing units within the zone would continue to collect real property taxes on the appraised value of property in the year it was designated as a reinvestment zone. Improvements in the area will raise the value of property in the area, but the increased property tax revenues generated by this rise in value would go to a tax increment fund to pay off the bonds issued. Bonds are only payable from the tax increment fund.

The implementing legislation for subsection (a) of SJR 8, SB 17, authorizes cities or towns to create reinvestment zones for the purpose of residential or industrial tax abatement. The city or town must find that the area is deteriorating or unproductive before designating it as a reinvestment zone. The city or town can then contract with individual property owners to improve their property in return for property tax reductions. There are provisions for inspection and recapture of the taxes if the owner fails to make the improvements. An area can only be a tax abatement reinvestment zone for five years unless the city or town renews that status.

Both SB 16 and SB 17 would become effective only upon passage of this constitutional amendment.

Purpose and Synopsis

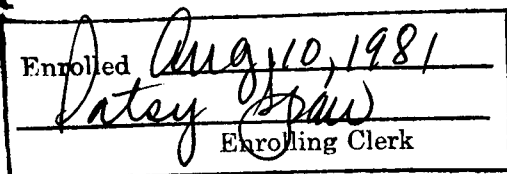
The purpose of this resolution is to amend Art. VIII of the Texas Constitution by adding a new Section 1-g to enable the legislature to provide that taxing units may encourage development or redevelopment property in a reinvestment zone through abatement of ad valorem taxes and that the legislature may also authorize an incorporated city or town to issue tax increment bonds or notes to finance development or redevelopment of unproductive, underdeveloped, or blighted areas. The resolution further provides for submission of the proposed constitutional amendment, in a prescribed ballot form, to the voters at an election to be held November 3, 1981.

Rulemaking Authority

It is the committee's opinion that this joint resolution does not delegate rulemaking authority to a state officer, agency, department or institution.

Summary of Committee Action

Pursuant to an announcement from the floor of the House on August 5, 1981, the Committee on Constitutional Amendments convened in a formal meeting for consideration of SJR 8. On August 5, 1981, the full committee voted to report SJR 8 to the House with the recommendation that it do pass by a record vote of five (5) ayes, no (0) nays, and one (1) PNV (3 members absent).



S.J.R. No. 8

SENATE JOINT RESOLUTION

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S.J.R. No. 8

1 property tax relief and the issuance of bonds and notes."

President of the Senate

Speaker of the House

I hereby certify that S.J.R. No. 8 was passed by the Senate on August 3, 1981, by the following vote: Yeas 26, Nays 1.

Secretary of the Senate

I hereby certify that S.J.R. No. 8 was passed by the House on August 10, 1981, by the following vote: Yeas 121, Nays 8, one present not voting.

Chief Clerk of the House

Approved:

Date

Governor

SENATE JOINT RESOLUTION

proposing a constitutional amendment authorizing cities, towns, and other taxing units to encourage the improvement or redevelopment of certain areas through property tax relief and through the issuance of bonds and notes.

7-20-81
JUL 21 1981 Filed with the Secretary of the Senate

Read, referred to Committee on FINANCE

Reported favorably.

JUL 30 1981 Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

Ordered not printed.

AUG 3 1981 Senate and Constitutional Rules to permit consideration suspended by unanimous consent
yeas, _____ nays, _____

To permit consideration, reading and passage, Senate and Constitutional Rules suspended by vote of _____ yeas, _____ nays.

AUG 3 1981 Read second time and { ordered engrossed. 26 yeas!
passed to third reading.

AUG 3 1981 Caption ordered amended to conform to body of bill.

AUG 3 1981 Senate and Constitutional 3-Day Rules suspended by vote of 26 yeas, 1 nays to place bill on third reading and final passage.

AUG 3 1981 Read third time and passed by { 26 yeas, 1 nays.
~~a viva voce vote.~~

OTHER ACTION:

Betty King

Secretary of the Senate

Aug. 3, 1981 Engrossed

Aug. 3, 1981 Sent to HOUSE

Fatsy Spaw

ENGROSSING CLERK

AUG 9 1981

LAI ON TABLE
SUBJECT TO CALL

AUG 9 1981 Motion to suspend all necessary rules to consider, prevailed by 12 yeas 20 nays 1 pm

AUG 3 1981 Received from the Senate

AUG 5 1981 Read first time and referred to Committee on Constitutional Amendments

8-5-81 Reported favorably amended, sent to Printer 10:20 am

AUG 6 1981 Printed and Distributed 1:09 pm

AUG 6 1981 Sent to Committee on Calendars 2:29 pm

AUG 9 1981 Read second time (amended) and finally adopted passed to third reading
~~failed adoption~~ by Record Vote of 95 yeas 12 nays 1 present not voting

AUG 10 1981 Read third time (amended) and finally adopted
~~failed adoption~~ by a Record Vote of 121 yeas 8 nays 1 present not voting

Caption ordered amended to conform to body of resolution

AUG 10 1981 Returned to Senate.

Betty Murray

Chief Clerk of the House

AUG 10 1981 RETURNED FROM HOUSE

REPRESENTATIVES

1981 AUG -6 PM 1:09